

SAN JOAQUIN COUNTY ECONOMIC FORECAST

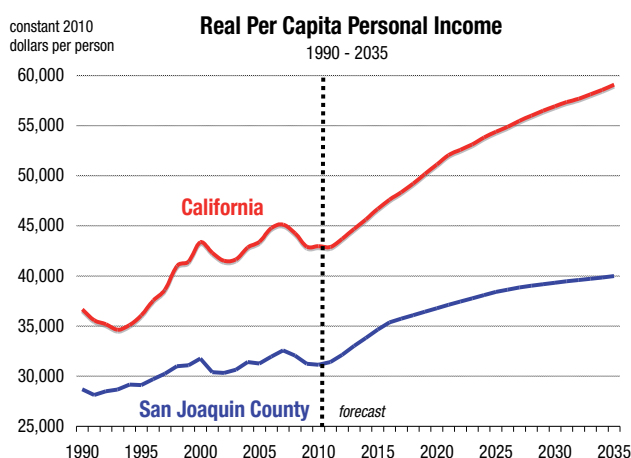
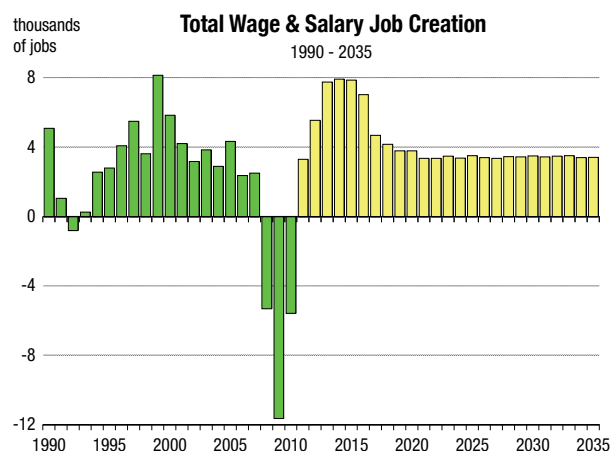
San Joaquin County is the northernmost county of the San Joaquin Valley. The county's central location in California makes it a hot spot for business activity because it connects the San Joaquin Valley, Bay Area, and Sacramento Valley. San Joaquin County has a population of 686,900 people and 203,400 wage and salary jobs. The per capita income in San Joaquin County is \$31,134, and the average salary per worker is \$47,199.

Employment in Northern California contracted during 2010, consistent with the rest of the state and nation. In 2010, 5,600 total wage and salary jobs were lost in San Joaquin County, representing a growth rate of negative 2.8 percent. Non-farm employment also fell at a rate of negative 2.7 percent. The annual unemployment rate increased to 17.4 percent in 2010.

Education and healthcare was the only non-farm sector to create jobs in San Joaquin County during 2010. Employment losses were greatest in government (1,700 jobs), manufacturing (1,300 jobs), financial activities (1,000 jobs), and construction (800 jobs). New home production increased slightly in 2010, but remains 86 percent below the 2003 peak.

Between the 2000 and 2010 census the population of San Joaquin County increased by 21.6 percent, making it one of the fastest growing counties in the state. Communities in the western half of San Joaquin County are growing due to an influx of people that commute to the East Bay or Santa Clara County for work, but cannot afford the expensive housing in those areas. The cities of Lathrop and Tracy grew in excess of 45 percent in the past 10 years.

Over the long term, both population and employment in the county will grow at a rate exceeding the state average.



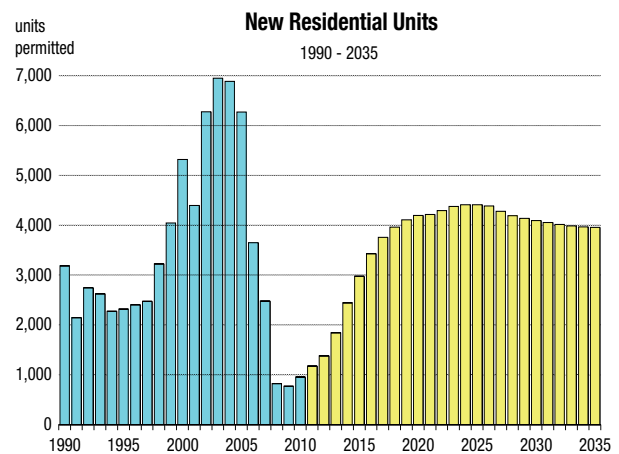
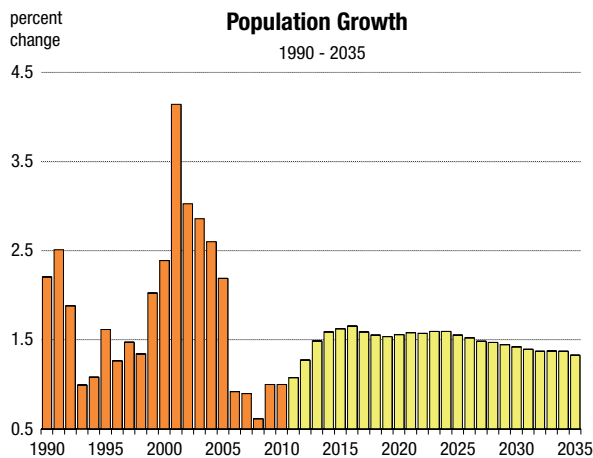
FORECAST HIGHLIGHTS

- Total wage and salary job growth is expected to be 1.6 percent in 2011. From 2011 to 2016, total job growth averages 3.3 percent per year and non-farm job growth averages 3.5 percent per year.
- Average salaries adjusted for inflation are currently well below the California state average, and will remain so over the forecast. Average salaries adjusted for inflation are forecast to rise an average of 1.0 percent per year between 2011 and 2016.
- Between 2011 and 2016, employment growth will be led by job creation in professional services, government, healthcare and education, and construction. Each of these sectors expands by over 15 percent, and creates over 4,000 jobs. All labor market sectors other than farm are forecast to create jobs over the next 5 years.
- Annual population growth in the 2011 to 2016 period averages 1.5 percent per year.
- Net migration increases over the next 5 years before gradually leveling off. From 2011 to 2016 net migration is expected to average 3,700 people per year.
- Real per capita incomes are forecast to rise 0.9 percent in 2011. During the 2011 to 2016 period real per capita incomes are forecast to increase 2.4 percent per year.
- Total taxable sales adjusted for inflation are expected to increase by an average of 7.1 percent per year between 2011 and 2016.
- Industrial production is expected to increase moderately in 2011, expanding by 4.2 percent. From 2011 to 2016 the growth rate of industrial production will average 2.6 percent per year.
- Farm production is forecast to increase by 1.4 percent per year between 2011 and 2016. The principal crop in the county is grapes.

San Joaquin County Economic Forecast

2006-2010 History, 2011-2040 Forecast

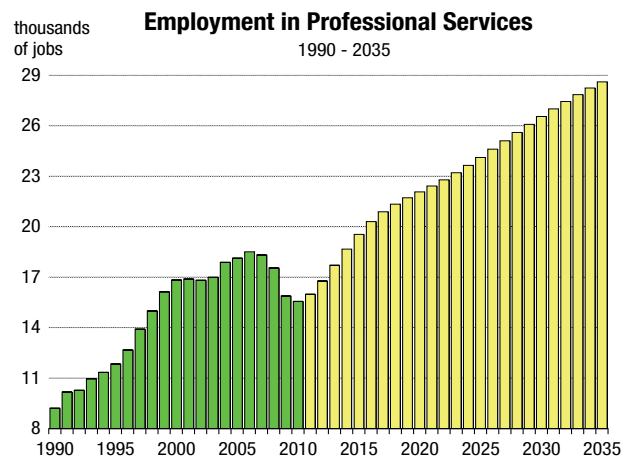
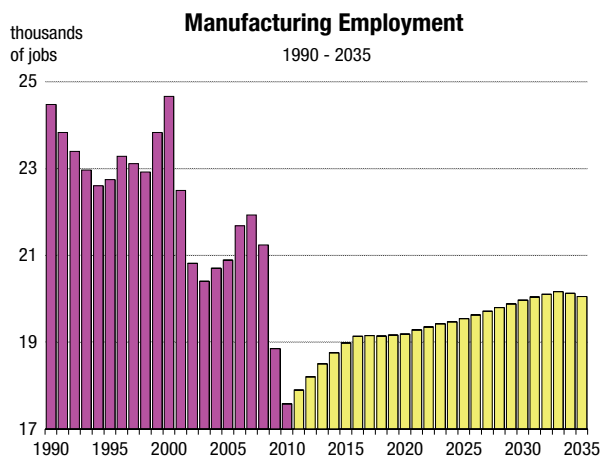
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	223.4	14.3	15.9	21.7	13.5	37.0	9.9	18.5	2.5	26.1	17.3	39.6
2007	225.9	14.5	13.8	21.9	13.9	37.5	9.9	18.3	2.5	27.7	17.8	40.3
2008	220.6	14.9	11.4	21.2	14.1	36.0	9.4	17.6	2.4	28.4	17.5	40.4
2009	209.0	15.2	8.4	18.9	13.9	33.7	8.9	15.9	2.2	28.3	16.7	39.9
2010	203.4	15.4	7.6	17.6	13.8	33.3	7.8	15.6	2.1	28.6	16.2	38.3
2011	206.7	15.5	8.2	17.9	14.2	34.1	7.8	16.0	2.2	29.9	16.5	37.1
2012	212.2	15.6	8.9	18.2	14.7	35.3	7.9	16.8	2.2	30.8	16.9	37.4
2013	220.0	15.6	10.1	18.5	15.2	36.7	8.2	17.7	2.3	31.7	17.2	38.9
2014	227.9	15.6	11.4	18.8	15.7	38.1	8.3	18.7	2.4	32.7	17.8	40.3
2015	235.8	15.5	12.6	19.0	16.1	39.5	8.4	19.6	2.4	33.7	18.4	41.8
2016	242.8	15.5	14.0	19.1	16.6	40.8	8.5	20.3	2.5	34.5	18.9	43.0
2017	247.5	15.4	14.8	19.2	17.0	41.7	8.5	20.9	2.5	35.2	19.3	43.7
2018	251.7	15.3	15.4	19.1	17.5	42.3	8.6	21.3	2.5	36.0	19.7	44.4
2019	255.5	15.2	15.8	19.2	17.9	43.0	8.6	21.7	2.6	36.7	20.1	45.1
2020	259.2	15.2	16.2	19.2	18.4	43.7	8.7	22.1	2.6	37.4	20.4	45.7
2021	262.6	15.2	16.2	19.3	18.9	44.3	8.7	22.4	2.6	38.0	20.6	46.3
2022	266.0	15.2	16.3	19.4	19.4	45.1	8.7	22.8	2.6	38.7	20.9	46.7
2023	269.5	15.2	16.6	19.4	19.8	45.8	8.7	23.2	2.6	39.4	21.2	47.1
2024	272.8	15.1	16.6	19.5	20.2	46.5	8.8	23.7	2.6	40.1	21.5	47.5
2025	276.3	15.1	16.8	19.5	20.7	47.2	8.8	24.1	2.7	40.8	21.7	47.9
2026	279.7	15.1	16.8	19.6	21.1	47.9	8.9	24.6	2.7	41.5	22.0	48.3
2027	283.1	15.1	16.9	19.7	21.5	48.6	9.0	25.1	2.7	42.2	22.2	48.7
2028	286.6	15.0	16.9	19.8	21.9	49.2	9.0	25.6	2.7	43.0	22.5	49.1
2029	290.0	15.0	16.9	19.9	22.4	49.9	9.1	26.1	2.8	43.7	22.8	49.5
2030	293.5	15.0	17.0	20.0	22.8	50.6	9.1	26.6	2.8	44.5	23.0	49.9
2031	296.9	15.0	17.0	20.0	23.2	51.2	9.2	27.0	2.8	45.3	23.3	50.4
2032	300.4	15.1	16.9	20.1	23.6	51.9	9.3	27.5	2.8	46.1	23.6	50.8
2033	304.0	15.0	17.0	20.2	24.0	52.6	9.3	27.9	2.9	47.0	23.8	51.3
2034	307.4	15.0	17.0	20.1	24.5	53.2	9.4	28.3	2.9	47.8	24.1	51.8
2035	310.8	15.0	17.0	20.1	24.9	53.9	9.4	28.6	2.9	48.7	24.4	52.3
2036	314.3	15.0	16.9	20.1	25.3	54.6	9.5	29.0	2.9	49.6	24.6	52.8
2037	317.9	14.9	17.0	20.1	25.7	55.2	9.6	29.3	3.0	50.6	24.9	53.4
2038	321.5	14.9	17.0	20.2	26.1	55.9	9.6	29.7	3.0	51.5	25.2	53.9
2039	325.3	14.9	17.0	20.2	26.6	56.6	9.7	30.0	3.0	52.4	25.5	54.5
2040	329.0	14.9	17.0	20.3	27.0	57.3	9.8	30.4	3.1	53.4	25.7	55.0

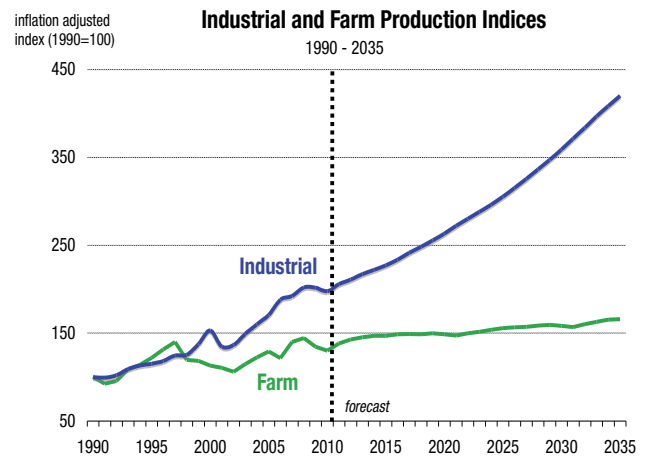
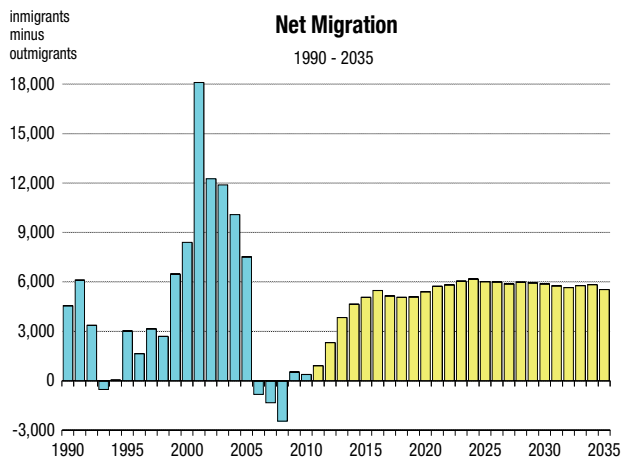
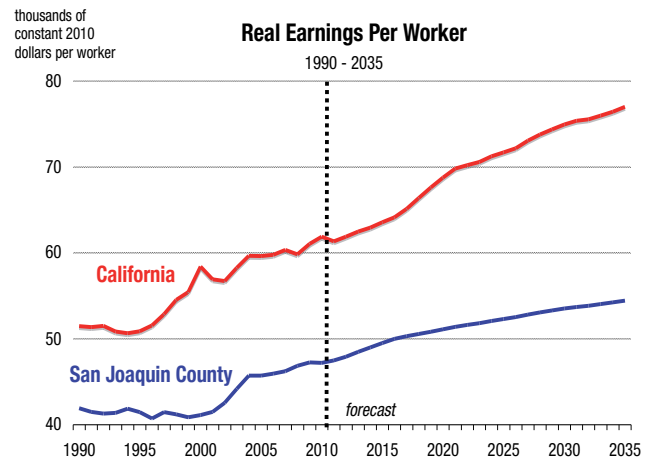
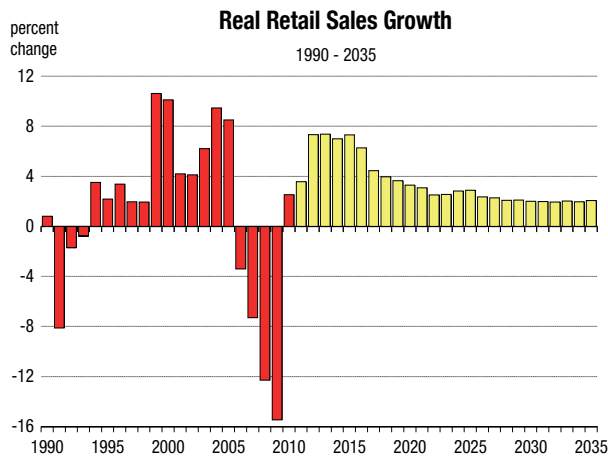


San Joaquin County Employment Forecast

2006-2010 History, 2011-2040 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2006	223.4	14.3	15.9	21.7	13.5	37.0	9.9	18.5	2.5	26.1	17.3	39.6
2007	225.9	14.5	13.8	21.9	13.9	37.5	9.9	18.3	2.5	27.7	17.8	40.3
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2020	258.7	15.2	16.1	19.2	18.4	43.6	8.7	22.1	2.6	37.4	19.9	45.7
2021	261.7	15.2	16.2	19.3	18.9	44.3	8.7	22.4	2.6	37.9	20.0	46.3
2022	265.6	15.2	16.3	19.4	19.4	45.1	8.7	22.9	2.6	39.0	20.3	46.7
2023	269.7	15.2	16.6	19.4	19.8	45.8	8.7	23.5	2.6	40.1	20.5	47.1
2024	273.5	15.1	16.7	19.5	20.2	46.5	8.8	24.0	2.6	41.0	20.8	47.5
2025	277.2	15.1	16.8	19.5	20.7	47.2	8.8	24.6	2.6	41.9	21.1	47.9
2026	280.8	15.1	16.9	19.6	21.1	47.9	8.9	25.2	2.7	42.7	21.3	48.3
2027	284.2	15.1	16.9	19.7	21.5	48.6	9.0	25.7	2.7	43.5	21.6	48.7
2028	287.7	15.0	17.0	19.8	21.9	49.2	9.0	26.2	2.7	44.2	21.8	49.1
2029	291.2	15.0	17.0	19.9	22.4	49.9	9.1	26.7	2.7	45.0	22.1	49.5
2030	294.7	15.0	17.0	20.0	22.8	50.6	9.1	27.2	2.8	45.8	22.4	49.9
2031	298.2	15.0	17.0	20.0	23.2	51.3	9.2	27.7	2.8	46.6	22.6	50.4
2032	301.7	15.1	17.0	20.1	23.6	51.9	9.3	28.1	2.8	47.5	22.9	50.8
2033	305.2	15.0	17.0	20.2	24.0	52.6	9.3	28.5	2.8	48.4	23.1	51.3
2034	308.6	15.0	17.0	20.1	24.5	53.2	9.4	28.9	2.9	49.3	23.4	51.8
2035	312.1	15.0	17.0	20.1	24.9	53.9	9.4	29.3	2.9	50.2	23.7	52.3
2036	315.6	15.0	17.0	20.1	25.3	54.6	9.5	29.7	2.9	51.1	23.9	52.8
2037	319.2	14.9	17.0	20.1	25.7	55.3	9.6	30.0	2.9	52.1	24.2	53.4
2038	322.9	14.9	17.0	20.2	26.1	55.9	9.6	30.4	3.0	53.0	24.5	53.9
2039	326.7	14.9	17.0	20.2	26.6	56.6	9.7	30.8	3.0	54.0	24.7	54.5
2040	330.4	14.9	17.0	20.3	27.0	57.3	9.8	31.1	3.0	55.0	25.0	55.0





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	40.7 %
Expected job growth:	17.5 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	21.4 %

Expected population growth:	7.9 %
Net migration to account for:	39.1 %
Expected growth in number of vehicles:	8.2 %

Demographics (2011)

Unemployment rate (June 2011):	16.7 %
County Rank* in California (58 counties):	48th
Working age (16-64) population:	63.1 %

Population with B.A. Degree or higher:	17.4 %
Median Home Selling Price:	\$165,000
Median Household Income:	\$50,743

Quality of Life

Violent Crime rate (2009):	802 per 100,000 persons
County Rank* in California (58 counties):	57th
Average Commute Time to work (2011):	30.8 minutes

High School drop out rate (2009):	26.9 %
Households at/below poverty line:	11.7 %

* The county ranked 1st corresponds to the lowest rate in California